

MASSACHUSETTS Commonwealth Procurement News (CPN)

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Winter 2006

STATE PURCHASING AGENT UPDATE

Welcome to the Winter 2006 issue of the Commonwealth Procurement News. This edition focuses on contract savings available to departments as a result of OSD establishing new contracts, re-bidding existing contracts and re-negotiating lower prices on existing statewide contracts. One example of a new contract includes the Commonwealth's first electricity contract which will produce, at a minimum, savings of over \$6 million. The recently re-bid Dairy contract will generate savings of \$1.5 million over the life of the contract. Since the implementation of our new procurement policies, OSD has tracked the savings estimated from statewide contracts. I am pleased to report that for FY 2006, OSD has identified an annual cost savings of over \$28 million.



Ellen Bickelman, State Purchasing Agent

I hope that you've had a chance to visit the new Procurement Information Center on OSD's portal and to attend a training session this past November and December on procurement changes and on how to find procurement requirements, associated guidance and policy documents in the PIC. If you have questions or would like to schedule department training on the PIC, please contact Hilary Olsen, OSD's training coordinator at 617-720-3347 or at hilary.olsen@state.ma.us

Based on feedback received from both exhibitors and attendees, we have made several significant changes to the STAR event for 2006. The location has been moved back to the Bayside Exposition Center in Boston and, for the first time, it will run for only one day. STAR will continue to provide an excellent opportunity for public purchasers to receive training at no cost, network with other purchasing professionals, meet over 250 statewide contractors to learn about their products and services and discuss your department's business needs.

OSD has been working on a pilot spend management system to track purchases made from statewide contracts. The goal of this initiative is to identify high volume purchases made by public purchasers, review the prices charged to the Commonwealth, look for trends in purchasing decisions made by departments and, in those cases where statewide contract prices have been reduced, calculate the savings available to departments. Our goal is to issue a report in early spring that identifies the amount saved by each department. The report will initially cover OFF19 - Office Supplies, Recycled Paper and Envelopes but we hope to expand the report to other statewide contracts over time.

Finally, we continue to rely on department representation on OSD's Procurement Management Teams and the expertise that resides within each department to help us create and manage the best statewide contracts. If you are reading this and are a member of a statewide PMT, I want to extend my personal thanks for the time you spend assisting us in establishing statewide contracts.

If you have any questions or comments, I can be reached at ellen.bickelman@state.ma.us Thank you for your continued support.

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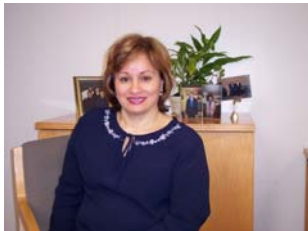
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AFFIRMATIVE MARKET PROGRAM MISSION FOR FY06



Monserrate Quinones, Director of AMP

The Affirmative Market Program's mission is to assist state certified minority- and woman-owned businesses (MBEs-WBEs) in gaining access to contracting opportunities with executive branch departments and other participating state entities. In so doing, AMP has developed programs targeted at maximizing use of M/WBEs

in all procurement opportunities regardless of size of contracts.

With assistance from Department AMP Coordinators, I am closing the tracking of final expenditures with MBEs and WBEs for last fiscal year in the areas of commodities, services, construction and design. Preliminary analysis results in the area of goods and services are very favorable:

- In FY05 there was a 281% increase in MBE Subcontractor use or \$2,409,501 additional spending in this subcontractor category compared to FY04.
- In FY05 there was a 12% increase in WBE Subcontractor use or \$ 77,930 additional spending in this subcontractor category in comparison to FY04.
- In FY 05 participating state agencies increased spending with women-owned businesses by more than 15% or over \$31 million over the previous fiscal year spending in the area of goods and services.

Outcomes of overall department performance with AMP benchmarks will be accessible via the FY05 Annual Report. In the spring this report will be available online in the program's website at www.mass.gov/amp in the reports section. Please note that other information in the website includes a contact list of coordinators, and a list of M/WBE vendors on statewide contracts both found in the "program participants" page as well as program events and newsletters posted in the "events and updates" page. For this fiscal year, we can report the following increases in M/WBE prime contractor activity on statewide contracts:

- In 1st Quarter of FY06 there were: 95 MBE & 167 WBE Prime Contractors on Statewide Contracts. This is an increase of 5 MBE Vendors or 6% increase, and 44 additional WBE Vendors or 36% increase.

We continue to work on developing initiatives to enhance capacity building of small, minority, women and disadvantaged vendors through the Commonwealth's Affirmative Market Program as either prime vendors or subcontractors in all types of contracts. I am available to assist both departments and vendors in achieving our mission and program goals and look forward to continuing successful endeavors for the remaining fiscal year.

THE PROCUREMENT INFORMATION CENTER IS HERE AND THE REVIEWS ARE IN!

"These policies are real page turners!"

Melissa Morrison, Department of Housing and Community Development

"I couldn't put them down!"

Darcy Rowell, Department of Correction



While Melissa and Darcy may not have gone that far, they were, along with several others listed below, instrumental in reviewing and contributing valuable comments and suggestions during the development of the policies in the Procurement Information Center (PIC).

Modeled after the Comptroller's Knowledge Center, the PIC contains the most up-to-date procurement policies and procedures in an easy-to-use format. Instead of a static handbook, this webpage, organized for your convenience and designed to be relatively "low maintenance," is your one-stop website for procurement policies, procedures and associated guidance. The site is arranged in a logical sequence to keep the information you need right at your fingertips. Here is what the center has to offer:

The Executive Summary of New Information, Policy Changes and Clarifications: This document is intended to give the reader a listing of changes since the last handbook and updates.

Procurement Introduction, Exceptions to Competitive Procurements, How to Do a Competitive Procurement, How to Draft a Request for Response, Contract Execution and Management: These sections contain a main policy document and associated guidance pertaining to each topic. The sections correspond to former handbook chapters and the associated appendices. Associated guidance has been placed below the main documents to provide in-depth guidance about specific aspects of the procurement process and OSD has updated several forms, including the RFR specifications, all of which have been placed on the OSD Forms page.

Many thanks to the following individuals who assisted OSD in reviewing the Procurement Information Center as it was being created:

- Jim Bergstrom, Department of Mental Health
- Sharon Dyer, Department of Public Health
- Paul Kerrigan, Department of Public Health
- Donna Roux, Office of the Chief Medical Examiner
- Diana Salemy, Department of Business and Technology
- Office of the Comptroller

COMM-PASS RESOURCE CENTER OPENS



OSD is pleased to advise the public procurement community that the Comm-PASS Resource Center is now available online at www.mass.gov/osd.

Simply select the Comm-PASS Resource Center link offered within the Conduct a Procurement menu to access helpful information including:

- FAQ's
- Documents and Guides
- Record Locators
- Purchasing Community Membership Information
- Vendor Subscription information
- Login access for members and subscribers

Comm-PASS Documents and Guides

Existing Comm-PASS Purchasing Members may find this page helpful since it includes guidance with step-by-step instructions like:

- ITP Posting Quick Tips (announcements without

bid spec documents)

- Comm-PASS Reports
- Login and Manage Profile

Eligible Public Entities may find this page especially helpful since they can access and download:

- All OSD Forms, including the federal W-9
- Instructions for joining the Comm-PASS Purchasing Community
- Submittal forms to request administered postings in Comm-PASS
- Quick Tips for using Statewide Contracts

Join the Comm-PASS Community

Join the Purchasing Community to receive free training and access purchasing tools to post and manage procurement records. Simply send an email using the subject line: Purchasing Community to comm-pass@osd.state.ma.us.

Join the Subscriber Community to access value-added tools including email notification for bid opportunities in your areas of interest. Simply select the JOIN tab offered at the top of the Comm-PASS home page at www.comm-pass.com.

HOW MANY MILES TO YOUR SAVINGS?

- By William Funk



William Funk, Director
Professional Services

How many miles are there towards a successful journey? How far is it to visit 300 state contractors under one roof to learn about saving money on what you use at work? What is the distance from the State House to a free breakfast, free lunch and Education Workshops? The answer is 10 miles with a ride on the T to the Bayside Exposition Center to be at **STAR 2006** (Statewide Training And Resources) Exposition.

The STAR Exposition has returned to Boston for one big day on April 25, 2006 from 8:00 AM to 4:00 PM at the Bayside Exposition Center. Each year STAR attracts 300 exhibitors from an extensive list of state vendors and saves everyone the time that it would take to schedule an office appointment, discuss a contract and explain your needs.

The contracts that the Operational Services Division (OSD) establishes on behalf of all state departments – which are available to cities, towns, schools, other political sub divisions and human & social service providers – are highlighted at STAR. As an attendee you will have an opportunity to learn more about commodities and services through education workshops, special trainings and exhibitor information sessions than at any other time or place.

More than 2,000 people attended STAR 2005 and walked away from the event with contract information, literature, product samples and an insight into greater savings.

STAR is funded 100% by exhibitors and is FREE to all employees from state agencies, cities, towns, schools, other political sub divisions and human & social service agencies. For more information and to register now go to www.mass.gov/star.



FROM THE QUALITY ASSURANCE DESK



Barbara Miller, Director Quality Assurance, Training & Outreach

The goal of OSD Quality Assurance is to help

Executive Departments and those departments following 801 CMR 21:00 understand and maintain compliance with OSD Policy and Procedure. A vital tool used in achieving this goal is the QA review. The review focuses on running a number of reports to monitor procurement practices and identify any concerns or issues

to suggest solutions. As of the end of the Calendar Year 2005, we have found common instances of non-compliance. This month, we are covering a recurring [Comm-PASS issue](#) and the actions a department should take to move into compliance.

Comm-PASS record does not include the Related Document Number. In our reviews, we have found that departments are not meeting the re-

lated document number requirement.

The related document number is an important component because it is the informational link between Solicitation and Contract records. This is strictly a piece of information that assists a user trying to locate an associated record through the Search and Browse/View capabilities.

To become compliant, Executive department records must indicate the related document number. For **Solicitations**, the related document number will indicate the document number of the resulting Contract record, if any, in the Updates tab. For **Contracts**, the related document number will indicate the document number of the Solicitation which was the source of the Contract.

For further details on the Comm-PASS requirement, please review Rule #1 in the Comm-PASS Policies for Executive Departments which is available on line at the Comm-PASS Resource Center.

Look for more re-occurring issues and how to resolve in upcoming issues of the *Commonwealth Procurement News*!

OSD OUTREACH OFFERS FREE STATEWIDE CONTRACT SESSIONS!

Did you know that many public and quasi-public entities are entitled to utilize the Commonwealth's statewide contracts? Using statewide contracts provides important benefits to your organization and may save you time and money. Understanding the process can sometimes be daunting; however OSD Outreach staff is available to come to your organization to present information about statewide contracts including where to find them and how to use them. If you would like additional information please contact Pam Brasill, Outreach Coordinator at OSD at 617-720-3117 or via email at Pam.Brasill@osd.state.ma.us.



TRAINING OPPORTUNITIES FOR COMMONWEALTH DEPARTMENTS

OSD offers a variety of free training opportunities for department staff related to the procurement of commodities and services. Currently we are offering "Procurement Information Center" Training which is scheduled upon demand and "Procurement – The Basics" with the next available session for this class is March 8th. To register for a session, please send an e-mail to osdtraining@osd.state.ma.us noting the session you are registering for. You will receive a confirmation of your registration. For further information on this and other training sessions OSD offers, please visit our web site at www.Mass.gov/OSD.

Custom and on-site classes may be scheduled based on staff and resource availability. For further information please contact Barbara Miller, Director of Quality Assurance, Training and Outreach @ Barbara.miller@osd.state.ma.us



ELECTRICITY PROCUREMENT DELIVERS SAVINGS AND PRICE CERTAINTY TO THE COMMONWEALTH



of James Ferri, Procurement Manager—Energy

"OSD works with team from World Energy Solutions and Science Applications International Corporation to save \$6.2 million over the next three months."

On November 22, 2005, the Commonwealth Massachusetts Operational Services Division (OSD) awarded a 24-month, fixed price competitive supply contract to Direct Energy for large commercial accounts located in the NEMA, SEMA and WCMA load zones. Direct Energy is a relatively new supplier to Massachusetts and their entry into the market will create additional competition, benefiting everyone on competitive supply contracts.

Direct Energy will serve 278 large commercial accounts across the Commonwealth representing approximately 425 million kWh in annual usage or approximately \$99.4 million in annual electricity expenses. Participants who will benefit from this procurement include the Executive agencies, Mass Trial Court, Mass Turnpike Authority, a number of community colleges, Boston Housing Authority, Springfield Housing Authority, Town of Lenox and a number of non-profits eligible to participate in statewide contracts. The accounts awarded represent nearly 80% of the executive branch electricity load. This award is a result of a competitive electricity procurement conducted by OSD, through which the Commonwealth was able to obtain guaranteed savings of \$6.2 million against currently published utility rates over the next three months.

OSD and a cross-functional team of representatives from the participants and the consultant team of World Energy Solutions and Science Applications International Corporation have worked together over the last six months to bring together various entities throughout the Commonwealth, including executive agencies, non-executive agencies such as the Massachusetts Turnpike Authority and Trial Courts, as well as Community colleges, towns, and eligible non-profits. This unprecedented level of collaboration demonstrates how cooperative purchasing agreements can create efficiencies for government as a whole.

This electricity supply contract will assure that the Commonwealth avoids the recently announced utility price increases for the first few months of 2006. Based

on the utility rates published for the first three months of 2006, this contract will save the Commonwealth upwards of \$6.2 million. If the forward price curves continue to stay high after that period, savings could significantly increase over the life of this contract.

Although the current electricity contract is currently closed to additional participation, OSD will be planning a Natural Gas procurement. Non-executive entities interested in participating should e-mail Jim Ferri at James.Ferri@osd.state.ma.us



PUBLIC SAFETY PROCUREMENT MANAGEMENT TEAM

— By Bob Irvin



Bob Irvin, Procurement Manager Public Safety

As we move into the New Year we have some very exciting news from the Public Safety Procurement Management Team. The Commonwealth is intending to join with New York State in a Hazardous Incident Response Equipment (HIRE) contract. This contract will give eligible entities access to a wide variety of equipment geared toward hazardous materials and hazardous situation response. After reviewing the awarded contractors' information and pricing, the PMT believes this contract offers many valuable products at competitive prices. The PMT has posted the Intent to join this contract on the Comm-PASS website and will review any submitted pricing that is substantially lower than NY's awarded pricing. If no vendors submit pricing that is substantially lower, the Commonwealth will formally join NY State's contract. Once the contracts have been finalized, award information will be available on the Comm-PASS website and the contract number will be **HLS01**.

The PMT is in the process of renewing **CLT04: Uniform Apparel, Footwear and Accessories**. The

(Continued on page 6)

PUBLIC SAFETY PROCUREMENT MANAGEMENT TEAM

(Continued from page 5)

PMT has requested that contractors offer better discounts to the Commonwealth. Pricing will be reviewed in January to determine savings and/or cost avoidance savings.

The PMT is working on a new contract for Locks and Accessories (**FAC45**). The new RFR will be structured to maximize savings on service calls and to focus on pricing on the items most commonly purchased on the current contract (**FAC18**).

Please contact Bob Irvine at 617-720-3129 or email robert.irvine@osd.state.ma.us to become part of the Procurement Management Team or if you have any questions on the contracts/procurements listed above or other contracts.

PAGERS: MORE THAN JUST A CHEAP BEEP ON STATEWIDE CONTRACT

- By Gloria Harris



Gloria Harris, Procurement
Manager IT Hardware

Commonwealth pager customers will again see reduced rates for leased equipment when the Commonwealth exercises the last renewal option for this statewide contract. This extends **ITT08** paging contract to January 26, 2007.

Arch has reduced monthly rates for its approx. 8,400 numeric and alphanumeric pagers for eligible entities by about three (3) percent. In addition, Arch offered reductions in their replacement insurance and group call services. This translates into an estimated total cost savings to Arch's customers of \$2,300 per month or \$27,600 projected savings annually.

Verizon Wireless, which significantly reduced their monthly service rates across-the-board last year, offers its customers over 50% rate reduction in deductibles for lost devices with this year's contract renewal. In addition, the Verizon's service rates for the Commonwealth are approx. 18% below at least one state that leases over 35% more devices from Verizon than Massachusetts.

Building on this momentum, the Paging Procurement Management Team (PMT) is in the process of developing the new paging statewide contract (**ITT30**) which will replace **ITT08**. Not only will this new contract feature more competitive

pricing, but also enhanced products and services including wider coverage and dedicated customer services to meet customer's needs.

The current paging contract will be renewed until January 26, 2007 and Contractors' new cost tables posted on www.comm-pass.com. The new paging solicitation is expected to be released some time in early February 2006 and contract award anticipated by early May 2006.

IT SERVICES CONTRACT (ITS23) SAVINGS OPPORTUNITIES



Marge MacEvitt, Procurement
Manager—IT Software

ITS23 differs in many ways from the previous IT Services contract. One provision new to **ITS23** provides agencies the potential to obtain substantial cost savings by converting IT resources supplied by Staff Augmentation companies into Commonwealth contract employees or regular employees, without paying a "finder's fee" or other one-

time charge for conversion. All Staff Augmentation General Purpose Contractors are required to provide this type of conversion if requested after the resource has worked for an agency for one year or longer (subject, of course, to the individual's willingness to work directly for the Commonwealth). It was an RFR "desirable" that bidders offer to reduce the one-year time period to six months, or, better yet, three months.

Many of the selected contractors proposed the shorter periods, and some agencies have taken advantage of this already, saving thousands of dollars for each person converted. To find out which companies offer shorter time periods:

- ⇒ Go to www.comm-pass.com
- ⇒ Click "Search for contracts"
- ⇒ Enter **ITS23StaffAugCat1** as the document number and click Search.
- ⇒ Click the new link which now appears toward the top of the page: "There are 1 Solicitation(s) found that meet your search criteria"
- ⇒ Click the eyeglasses icon on the right hand side of the page.
- ⇒ Click the "Vendors" tab. One of the vendor names is "Vendor Listing." Click the eyeglasses next to that vendor, then scroll to the bottom of the page. Click the eyeglasses. This will bring up a spreadsheet with information on each company, including two columns showing whether the company allows hiring of their resources after six months or three months.

FOOD

- By Betty Fernandez



Betty Fernandez, Procurement Manager – Food Services

The Food Procurement Management Team (PMT) when negotiating to award new contracts and contract renewals at lower prices has been successful in obtaining cost savings for the Commonwealth for both the Dairy Products contract (**GRO17**) and the Program Evaluators for Food, Grocery and Related Services contract (**GRO15**).

The new Dairy Products contract (**GRO17**) that was awarded to Garelick Farms in August 2005, has new contract pricing which is significantly lower than the pricing on the previous contract. Based on the purchases made on the previous contract (**GRO13**), the Commonwealth will realize an annual savings of \$529,878 and will save \$1,589,634 over the three year life of the contract.

The contract renewal negotiations with the current three contractors for (**GRO15**) Program Evaluators for Food, Grocery and Related Services contract (**GRO15**) has resulted in lower hourly rates for audit services and prompt pay discount offers which were not available with the initial award. The hourly price reduction from JMC Associates-Hudson, MA was 26.7% lower, ARG Associates-Ipswich, MA was 15.4% lower and Fitz, Vogt and Associates-Walpole, NH was 3% lower. Based on previous purchases made on the contract (**GRO15**), the Commonwealth will have an annual savings of approximately \$6,445.00 and will save approximately \$20,000.00 over the next three years of the contract.

The PMT is also working on other contracts to obtain cost savings for the Commonwealth. The PMT is currently negotiating with the contractors for the Prime Grocers contract (**GRO14**) to obtain a cost savings and/or cost avoidance on the non-food items for this contract. Other contracts that the PMT is looking at to obtain better pricing are the Foodservice Equipment – Large and Small (**GRO19**) which is currently out to bid and Bottled Water (**GRO18**) which is in the process of being bid.

If you have any questions or concerns regarding the above mentioned, please feel free to contact Betty Fernandez, Procurement Manager, 617-720-3133 or E-mail: Betty.Fernandez@osd.state.ma.us.

CAPTURE YOUR COST SAVINGS!--TEMPORARY HELP SERVICES QUARTERLY SURVEY

- By Tess Francisco



Tess Francisco, Procurement Manager Professional Services

When compared to the maximum bill rates from **PRF15**, **PRF24** saves an average of \$0.35 per hour per job category. Currently the PMT is gathering cost survey information from user departments and contractors for the FY06 quarter 1, which ended September 2005. For FY06 quarter 2 and beyond, a survey will be available to report directly on savings obtained by negotiating for prices below the maximum rates posted for this contract. This template will be

available in mid-February 2006. It will be posted on the contract site for PRF24 under the 'Forms & Terms' tab. We want your feedback!

TELECOMMUNICATIONS COST SAVINGS



Bob Spicer, Procurement Manager Telecommunications

There are several areas of potential savings relating to telecommunications. OSD is currently undergoing an early renewal process for E-Rate FY07 (Schools and Libraries) Budget Submissions. As a result, we have requested substantial rate reductions. Thus far, the following vendors have submitted reduced rates relative to statewide contracts:

ITT13 – Merrimack Education Center / Proposing reduced rates for T1 and DSL with anticipated savings of nearly \$200K over the next year.

ITT09 – AT&T may now offer intra-LATA toll and toll free services, as well as, Audioconferencing services. Along with reduced rates, the anticipated savings is \$30K annually.

ITT09 – Sprint/Nextel is offering greater discounts of up to 22% as a result of customers transitioning from their IDEN to CDMA network. If 10% of ITT09 users make the switch, the Annual Savings is a staggering \$150K per year. New equipment will be required and the Push-to-Talk capability is not available with CDMA. Basic CDMA phones will be provided at no cost.

As additional contractors submit their early renewal with estimated discounts, the information will be posted to www.comm-pass.com

Additional Cellular Savings – Your best bet in understanding your Agency's calling plan is to have your wireless carrier perform a "rate plan analysis" on a quarterly basis. Basically, if an individual has a 300 minute plan, yet only uses 200 minutes, lower the plan to the 200 minutes.

GOOD-BYE BOTTLES: HELLO “COOLER” WATER COOLERS



Marcia Deegler, Procurement Manager -
Environmentally Preferred Products

This past holiday season the staff on the 10th floor of the John McCormack Building, where the EPP Program is located, received a wonderful gift. There will be no more stacks of water bottles lining the office corridors, no more heavy lifting of replacements bottles onto the “bubbler” water cooler and no more monthly waste disposal issues of hundreds of empty plastic containers thanks to the new statewide contract (PRF23) that provides reverse osmosis water filtra-

tion systems. The new water coolers, instead of the usual opening at the top, are connected to the pipes supplying fresh drinking water from the central water treatment unit. So, water is available all the time and never runs out!

We’ve talked about the cost savings associated with this new system elsewhere in this newsletter. But let’s discuss water quality and the environmental benefits. Is the water available from this system as good as bottled water? While the new system does use tap water as the source, quite a few things happen to that water before it goes to the cooler:

- **Sediment Filtration:** A fine filter removes suspended solid matter that may be present in the water.
- **Activated Carbon Filtration:** Another filter removes any chlorine and ammonia, improves water taste and removes any odor.
- **Reverse Osmosis System:** Finally, the water passes through a membrane system that removes metals (e.g. copper, lead, iron), excess salts and microbes. About 85-95% of these “dissolved solids” are removed.

The quality of the water produced by the system is just as good if not better than that coming out of the bottle. The sediment and activated carbon filters are replaced every two months and the water quality is regularly tested.

There are other benefits of the system such as:

- **Environmental Benefits:** The system eliminates the need to manufacture the 5-gallon plastic bottles and to transport full and empty bottles to and from your office.
- **Staff Safety:** There is no more “heavy lifting” involved for the staff, which eliminates the risk of an accidental injury.
- **Extra Space:** Think about the extra space freed up by not having to store a month’s supply of drinking water in bottles!

You don’t have to be in an enormous building to use a reverse osmosis system. The contractor (Atlas Water Systems, Inc.) has systems for offices that have one or just a few coolers! For more information about the contract, please search www.Comm-PASS.com for the active contract with document number PRF23.



SWITCHING TO THE R.O. WATER SYSTEM COOLERS SAVES MONEY



Brian Putnam, Procurement
Manager—Hospital

The Operational Services Division (OSD) switched from the traditional bottled water coolers to the Atlas

reverse osmosis water system bottleless coolers in December 2005 and in doing so OSD reduced its monthly water bill by 45%. Under SWC PRF23 - Atlas working with BSOB had previously installed a single central reverse osmosis water filtration system at One Ashburton Place which can supply all areas of the building. The actual installation of the coolers at OSD was done in a single morning.

The calculation to determine the hard cost cooler water savings for a department is simple. The current cost of a 5 gallon bottle of water is \$3.50; multiply that cost by the number of bottles used by your department during a month. At One Ashburton, the cost of an Atlas reverse osmosis water cooler that supplies unlimited water is \$40.00 per month; multiply that cost times the number of coolers your department will need. Compare the two amounts to determine the hard dollar monthly savings.

Soft cost savings may also be a consideration; the availability of increased floor space no longer required for the storage of bottles, the elimination of the monthly delivery and exchange of bottles; the elimination of potential injury to staff from placing the bottles on the coolers and the freeing up of loading dock time.

The Atlas Reverse Osmosis water system, which has an Environmentally Preferred Product (EPP) designation, can be installed in virtually any building, please see SWC PRF23 on www.Comm-PASS.com for details.

NEWS FROM THE VEHICLES AND RELATED SERVICES PROCUREMENT MANAGEMENT TEAM

— By Ron Whitaker



Ron Whitaker, Procurement Manager Vehicles and Related

The Vehicles and Related Services Procurement Management Team (VRSPMT) had numerous new procurements through the fall of 2005. The team remains focused on Reverse Auctions (On Line Bidding Events) Cost Savings and vendor reduction on contracts.

The Liquid Calcium Chloride contract (VEH47) has realized a cost avoidance savings of \$107,886.40. While prices for this commodity were going up, OSD negotiated a lower increase than that experienced by other public purchasers. The estimated savings is based on a \$.12 price per gallon differential between Massachusetts' price and New Hampshire's contract price and the Commonwealth's purchase of 899,052 gallons in 2004-2005.

The Sodium Chloride (Road Salt) contract (VEH40) has an estimated cost savings of \$64,080 for 2005-2006 based on prior usage. The savings are the result of removing a vendor in District 2A and awarding that District to Cargill Inc. at a lower price.

The Snow and Ice Trucks, Truck Parts and Accessories (VEH75 Designated MHD) solicitation emphasized the benefit of utilizing a Reverse Auction to determine pricing. The winning vendor (MHQ) lowered their pricing significantly during the reverse auction from their pre-bid price. Using reverse auction technology resulted in an awarded price that was \$500,000, lower than the pre-auction price.

Final figures for cost savings for Various Passenger and Light Duty Trucks, Gas VEH73 will be available after March 31, 2006. New contracts awarded this year included the Washed Sand VEH76, Pre-Mixed Sodium and Calcium Chloride VEH74 and Motorized Vehicle Parts VEH68. Renewals include Roadway Patch Materials VEH63 and Tires and Tubes, New and Retread VEH21.

Looking for an active role in the statewide procurement process, then the VRSPMT is for you. Contact the Procurement Team Leader, Ronald L. Whitaker at 617-720-3112 or via email at Ron. Whitaker@osd.state.ma.us. Happy and safe driving!

FACILITIES COST CUTTING

- By Joe Lydick



Joseph Lydick, Procurement Manager Facilities

As the New Year begins I am happy to announce that the Facilities Management Team is doing our best to ensure that all eligible entities get the best value at the lowest prices out

of the contracts that we develop and manage.

Last October we introduced our new moving services contract (FAC42). This contract also includes on-site document destruction and surplus furniture removal. You will find that the prices for labor on this contract are significantly lower than on the previous contract and the prices for moving accessories are also significantly lower. For example under the previous contract, the prevailing wage rate was \$20.00 for a truck and driver however the average markup by the vendor was \$65.00 for that same truck and driver. This is a markup of 325%. Under the new contract, the prevailing wage rate for the same truck and driver is \$25.00 (due to the cost of living increases) but now the average markup price for the truck and driver is \$57.00. This is a decrease in the markup of 97% and a decrease of the price by \$12.00 or 14%. You will also find that many of the moving accessories such as boxes and packing material have decreased in price by as much as \$1.00. This may not seem like a significant savings at face value, but when you consider the numbers of boxes and packing materials used per move, this translates into real savings to departments that use the new moving services contract.

This year we will be establishing a least two new contracts; Outdoor/ Landscaping Application Products (FAC24) and Lawn and Grounds Equipment (FAC44), and our goal is to ensure that both contracts provide the best value at the lowest price. FAC44 will limit the number of vendors on contract but will greatly increase the number of distribution sites across the state, resulting in more flexibility with your purchases as well as service and maintenance programs saving you time and money. My goal is to negotiate the best possible pricing agreement in the country.

If you are interested in becoming a team member to help develop FAC44 please contact me at 617-720-3139 or email me at joseph.lydick@osd.state.ma.us.

CONTRACT RENEWALS & UPDATES

PROFESSIONAL SERVICES—RENEWALS ANTICIPATED IN FISCAL YEAR 2006—Tess Francisco Procurement Manager

- **PRF01 (Foreign Language Services)** This contract will be renewed for the final time for one year through July 31, 2007.
- **PRF03 (Court Reporter and Transcription Services)**. This contract will be renewed in the spring of 2006 through June of 2008. This is the final renewal option for this contract.

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MEDICAL PROCUREMENT NEWS

— By Tom Lull



Tom Lull, Procurement Manager
Medicine & Professional Services

Since the last issue of the Commonwealth Procurement News (CPN), the Medical PMT has focused its efforts on identifying contract savings. I am pleased to report that the Lemuel Shattuck Hospital has completed their evaluation of the Cypress brand of nitrile exam glove with positive results. With the new pricing that the PMT and our Group Purchasing organization were able to put in place last August, the Lemuel Shattuck was able to report annualized savings of \$11,500 or 7.77%. Although this savings is less than the Commonwealth potential average savings of 17.2%, it is hoped that other agencies will look at this success story as an opportunity to achieve similar or even better savings.

Along those same lines, at our last PMT meeting the Tewksbury Hospital reported annualized savings of \$11,589 for a number of products on the HSP21 contract. In the future, the PMT has standardized their savings reporting format so that their specific product savings can be shared with other members and become the 'targets of opportunity' to aggregate volume and generate future savings.

COST SAVINGS ACROSS THE OFFICE CONTRACTS

- By Bob Guerard

The Office Teams have been active during the fall months assisting Eligible Entities in realizing additional promotions discount savings for the **OFF03** Office Furnishings and the **OFF16** Photocopier, Printer and Facsimile contracts as well as negotiating lower fuel surcharges for the **OFF11** Next Day, Second Day and Ground delivery services contract.

The **OFF03 Office Furnishing Team** negotiated a "Big Buy" discount for Category 1 Open Plan Systems furniture utilizing the volume purchase power of approximately 474 Open Plan Systems (office cubicles) and the pool of Contractors with Category 1. The Team was able to negotiate an increase percentage % discount of 3% off the list price with the awarded "Big Buy" Contractor, Office Resources Inc. Their percentage increase for projects valued at greater than 100,000 went from 78% to 81% off. This percentage increase will provide this one agency with a **savings of \$99,618.77** off of the cost of the product purchased utilizing the "Big Buy". Office Resources also offered an increase of 3% for all their Manufacturer's throughout the **OFF03** contract. The increased discounts will be available for 90 days to all Eligible Entities of the Commonwealth purchasing in the maximum volume brackets per category. For more detailed information go to <http://www.mass.gov/osd> and review the "OFF03 Big Buy" announcement.

The **OFF16 Photocopier, Printer and Facsimile Team** negotiated a "Big Buy" discount for Category 1, Sub-Category 1B and 1C utilizing the volume purchasing power of a Commonwealth Eligible Entity. Ricoh Corporation was the Contractor that was selected based upon cost and equipment evaluation. Ricoh Corporation increased their discounts by **27.5% off** of the base unit costs for the Aficio 3035 black and white (35 copies per minute) equipment **saving \$54,410.40** over a 36 month lease for sixty (60) machines and they increased their discount by **20% off** of the base unit costs for the Aficio 2228C color (28 black and white and 20 color copies per minute) equipment **saving \$2,826.72** over a 36 month lease for two (2) machines. For more detailed information go to <http://www.mass.gov/osd> and review the "OFF16 Big Buy" announcement.

The **OFF11 Express, Next Day and Ground Delivery Services Team** negotiated a reduced cap on the fuel surcharge by 3% to 9.5%. The 3% reduction will remain in effect January 1, 2006 through December 31, 2006 and if the UPS standard percentage % surcharge which is currently 12.5% falls below 9.5% then the Commonwealth surcharge will be reduced to the percentage % surcharge below 9.5%. It is estimated that the Commonwealth will save approximately **\$10,659.38** during the first six months of the calendar year.

If anyone has a question or concern regarding how to utilize the "Big Buy" promotional pricing or if you have any question regarding an office contract feel free to contact me at 617-720-3321 or via e-mail at Robert.guerard@osd.state.ma.us



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The Operational Services Division (OSD) facilitates and audits the acquisition of commodities and professional, general, human and social services.

These acquisitions support the socio-economic goals of the Commonwealth, including disadvantaged business, environmental, and other programs that are in the best interest of the Commonwealth.

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CONTRACT RENEWALS & UPDATES

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- **PRF04designatedOSC (Debt Collection Services)** has been renewed through June 2006. It should also be noted that work on a replacement (**PRF28designatedOSC**) is underway so that it will be available prior to June 2006.
- **PRF05designatedOSC (Electronic Payment Services)** will be renewed through May 2007, the first of three (3) one-year options.
- **PRF16designatedITD (Fixed-Rate Tax-Exempt Lease Purchase Services)** will be renewed through June 2008, the first of two renewal options.
- **PRF17 (Competitive-Rate Tax-Exempt Lease Purchase Services)** will be renewed through July 31, 2007. This is the final renewal option for this contract.
- **PRF20designatedOSC (Revenue Maximization and Cost Saving Services)** will be renewed through January 2008. During this time the Cost Savings Services will be replaced by OSC-OSD-01 which is currently under development.

Recently Renewed Medical Contracts: - Tom Lull Procurement Manager

- **HSP14 Gases: Medical, Laboratory, Industrial and Therapeutic (Bulk, Cylinders, and Systems & Supplies).** The contract was recently renewed for two (2) years and expires on 11/29/07.
- 2006 Contracting status:
- **HSP13 Laboratory & Monitoring Products: Clinical/Diagnostic, Educational, Forensic, Environmental and Industrial Applications.** Expires 3/31/2006. The new RFR (**HSP22**) has been posted.
- **HSP18 Medical Equipment, Beds and Furnishings.** Expires on 6/28/2006 with an RFR to go out in March 2006.
- **HSP21 Medical and Surgical Commodities.** Expires 06/30/29/06 with one (1) options to renew for one (1) year. Most likely will go out with an RFR in March 2006.

Hepatitis B Vaccine Procurement saves \$234K - Brian Putnam Procurement Manager

- In November, 2004 the Vaccine PMT issued a simple solicitation for 40,000 single dose vials of Hepatitis B Vaccine Adult. A contract (MED31) was awarded to GlaxoSmithKline for Engerix B Vaccine at \$18.38 a vial which was \$5.87 per vial less than the Federal Center for Disease Control contract price of \$24.25. This simple procurement and one time purchase by the Massachusetts Immunization Program of 40,000 vials saved the Commonwealth \$234,800.